

Sent: Friday, October 6, 2023 5:38 PM

To: seblv <[seblv@hoasupport.info](mailto:seblv@hoasupport.info)>

**Subject: FinCEN Requiring New Beneficial Ownership Reporting Rule Effective January 1, 2024**

Importance: High

Hi Sara,

I wanted to bring to your attention if you haven't already heard about this new cumbersome Federal reporting rule that will be taking effect January 1, 2024. The best summary of this new Federal rule is from one of the links below which is a factsheet that states: "The Financial Crimes Enforcement Network (FinCEN) issued a final rule that sets forth beneficial ownership information reporting requirements as mandated by the Corporate Transparency Act. The rule, effective January 1, 2024, will affect a broad spectrum of businesses (virtually all LLCs, corporations, and entities formed under state or tribal laws with 20 or fewer employees and \$5 million or less in gross annual receipts), and require them to begin filing periodic reports on their beneficial owners to FinCEN." I believe you have a contact list for just **about all of the attorneys that work with community associations in the state of Nevada and it would probably be good for them to receive a heads up on this new Federal rule** as there will probably be many questions from Management Companies, community association Managers, Board Members and Declarants on interpreting this new Federal rule. In addition, I know you have the largest contact list for all community association stakeholders (Management Company owners, community association Managers, Board Members, Declarants, etc.) in the state of Nevada and these community association stakeholders will need to also be given a heads up on this new cumbersome Federal rule. If you feel inclined to disseminate an email blast to all community association stakeholders, please feel free to utilize any information that I have provided within this email. In addition, I have copied and pasted pertinent hyperlinks below to factsheets and articles directly associated with this new Federal rule and most of the articles are written from a community association standpoint.

<https://strgnfibcom.blob.core.windows.net/nfibcom/FinCen-Fact-Sheet-Final.pdf>

<https://www.hoaleader.com/public/Tax-Law-May-Spell-Serious-Challenges-for-Condos-HOAs.cfm>

[https://passle-net.s3.amazonaws.com/Passle/5fe0c4f453548a10fc881e09/MediaLibrary/Document/2023-02-14-17-36-54-610-TE\\_HTeichmanJWilsonHOACTALawAlert\\_021423.pdf](https://passle-net.s3.amazonaws.com/Passle/5fe0c4f453548a10fc881e09/MediaLibrary/Document/2023-02-14-17-36-54-610-TE_HTeichmanJWilsonHOACTALawAlert_021423.pdf)

<https://www.jdsupra.com/legalnews/hoas-inadvertently-caught-in-federal-1708180/>

[https://www.fincen.gov/sites/default/files/shared/BOI\\_Small\\_Compliance\\_Guide\\_FINAL\\_Sept\\_508C.pdf](https://www.fincen.gov/sites/default/files/shared/BOI_Small_Compliance_Guide_FINAL_Sept_508C.pdf)

<https://www.fincen.gov/boi/small-business-resources>

My personal thoughts on this new law that are worrisome:

- The vast majority (99%) of Nevada community associations will not qualify for exemption from this Federal reporting rule and attempting to apply specially for 501(c) recognition with the IRS is **NOT** the answer to getting out of this new Federal reporting rule as 99% of community associations would most likely not qualify to be recognized as a 501(c) organization.
- The community association, with most likely the assistance of an attorney will likely need to identify who all of the “Beneficial Owners” are of the community association and at a minimum that would be each member of the Board of Directors but that’s the minimum as it could possibly also include Declarant Representatives, community association Managers, owners or representatives of the Managing Agent, etc.
- All identified “Beneficial Owners” of the community association are required to submit to FinCEN the following identifying items: The full legal name of each individual; The date of birth of each individual; Current residential address of each individual; Any unique identifying numbers from a passport, driver’s license, or any other identifying documents from each individual; An image of the identification document from each individual. These required items are very personal and even require a copy of the Beneficial Owner’s driver’s license or passport!
- Any Declarant controlled community associations that incorporates during the year 2024 will be required to adhere to this new Federal reporting rule within 30 days of incorporation; unlike existing community associations which have until December 31, 2024 to adhere to this new Federal reporting rule.
- Community associations with a change in any Beneficial Ownership information will only have 30 days to file updated reports. In addition, community associations that must correct errors after initial filing are required to file a corrected report within the 30 days of the date it knew, or should have known, that the information was inaccurate.
- Failure to provide completed and updated reports to FinCEN could result in criminal penalties of up to 2 years in prison and civil penalties of \$500 per day, up to \$10,000.
- **Maybe an attorney could put together a class for this new Federal reporting rule for credits to get the word out and to be able to go into depth on many of the administrative/reporting issues, etc.**

Thank you, Sara, for your dedication to the community association industry! You are in the unique position to get the word out quickly on pressing issues and people within our community association industry trust you and look up to you as do I.

Respectfully,

Samuel J. Bainbridge, CPA  
 Partner  
 Bainbridge, Little & Co, CPAs, LLP  
 3636 N. Rancho Drive, Suite 29  
 Las Vegas, NV 89130